

the performance of AADS in calculating 2000 bonus payments for AADS officers and managers.

## 2. Methods and Procedures

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
1	3	Develop Methods and Procedures for 'ASI Conversion Order Examples for Frame Relay Service (PB)'	As needed	12/99
1	4	Develop Methods and Procedures for 'ASI Service Order Examples for SWBT CABS Frame'	As needed	12/99

## 3. Training

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
1	3	SWBT Network Operations Staff Managers in St. Louis	ASI Overview – Merger Conditions Requirements	Management Meeting	11/3/99
1	3	SNET Labor Relations, Sales, Service Representative Managers in Meriden, CT	ASI Overview – Merger Conditions Requirements	Management Meeting	11/10/99
1	3	SNET Network Operations, Sales, Service Representatives Managers in Meriden, CT	ASI Overview – Merger Conditions Requirements	Management Meeting	11/11/99
1	3	AADS Managers in Dearborn, MI	ASI Overview – Merger Conditions Requirements	Management Meeting	11/19/99
1	3	Network Managers in San Ramon, CA	ASI Overview – Merger Conditions Requirements	Management Meeting	12/2/99
1	3	Design & Support Managers in Dallas TX	ASI Overview – Merger Conditions Requirements	Management Meeting	12/8/99

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
1	3	Service Representatives in St. Louis, MO	ASI Overview – Merger Conditions Requirements	Management Meeting	12/8/99
1	3	Sales & Marketing Managers in Livermore, CA	ASI Overview – Merger Conditions Requirements	Management Meeting	12/15/99
1	3	ASI Managers in San Antonio	Merger Compliance Training	Training Session	12/22/99

#### 4. Internal Controls

Extraordinary effort is being exerted to identify, plan, monitor and meet all the necessary steps that enable SBC to meet the Conditions of the merger document as well as the needs and demands of our customers for Advanced Services. The Vice Presidents and other direct reports to Mr. Turner meet by phone daily to communicate status and to coordinate the collective activities of the company. They are:

- Vice President-Network Engineering and Planning
- Vice President-Sales Operations
- Vice President-Operations
- Senior Vice President and Chief Financial Officer
- Vice President-Transition
- Director-Human Resources
- President-AADS
- Vice President-General Counsel

Mr. Turner is briefed weekly on all compliance requirements and the ongoing status. Should dates be missed or a problem with any compliance issue occur, Mr. Turner will be notified, corrective action will be developed and all specific details will be provided to the Corporate Compliance Officer, Mr. Charles Foster.

On December 28, 1999, the interconnection agreement between SNET and ASI was approved. Pursuant to Paragraph 6f, there was no initiation of marketing and sales of new activations of jurisdictionally interstate Advanced Services from the tariff of SNET after December 31, 1999. As of that date, ASI was still awaiting receipt of a Certificate of Public Convenience and Necessity from Connecticut. Accordingly, there was a question of legal interpretation as to the operative date when SNET was required to file tariff changes to terminate SNET's offering of jurisdictionally interstate Advanced Services. Mr. Charles Foster apprised the Commission of this issue on January 24, 2000. The tariff to withdraw the offering of Advanced Services was filed with the Commission on January 26, 2000. On February 7, 2000 SBC wrote to the Chief of the

Enforcement Bureau and the Chief of the Common Carrier Bureau regarding this matter.

##### 5. Documentation

SBC provided the Commission with letters, specific reports or other documentation as specified by the Merger Conditions in 1999. Copies of these letters, reports, measurements or other documentation are available as per the appropriate confidentiality agreements from the publicly available Commission files, the Commission website or, in some cases, on SBC's websites.

#### Structural Separation

Condition	Paragraph	Description of Document	Approval Date
1	1	Certification of Incorporation / SBC Advanced Solutions Inc.	07/27/99
1	1, 5c, 5e	State Certificate of Authority/Arkansas	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Connecticut	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Missouri	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Nevada	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Oklahoma	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Texas	8/16/99
1	1, 5c, 5e	State Certificate of Authority/California	8/18/99
1	1, 5c, 5e	State Certificate of Authority/Kansas	9/1/99
1	5c	Letter filed with the FCC Secretary by Charles Foster	10/6/99
1	1	Certificate of Merger of ADSI into ASI	12/20/99

#### Regulatory

Condition	Paragraph	Description of Document	Approval Date
1	5b	Texas – Cert. Of Operating Authority	12/1/99
1	5b	Missouri – Certificate of Service Authority	12/30/99
1	5b	Letter file with the FCC Secretary by Charles Foster	10/6/99
1	5a	Arkansas – Interconnection Agreement	12/3/99
1	5a	Oklahoma – Interconnection Agreement	12/28/99
1	5a	Missouri – Interconnection Agreement	12/13/99
1	5a	Connecticut – Interconnection Agreement	12/28/99
1	5a	Wisconsin – Interconnection Agreement	12/15/99
1	5a	Michigan – Interconnection Agreement	12/16/99
1	5a	Illinois – Interconnection Agreement	12/15/99
1	5a	Ohio – Interconnection Agreement	11/15/99
1	5a	Indiana – Interconnection Agreement	9/15/99
1	5a	Letter filed with the FCC Secretary by Charles Foster	10/6/99
1	6a	AIT Wisconsin Wholesale Tariff Grandfathered	11/26/99
1	6a	AIT Wisconsin Intrastate Access Grandfathered	11/26/99
1	6a	AIT Wisconsin Retail Tariff Grandfathered	11/26/99
1	6a	AIT Indiana Wholesale Tariff Grandfathered	11/26/99
1	6a	AIT Indiana Intrastate Access Grandfathered	11/17/99
1	6a	AIT Indiana Retail Tariff Grandfathered	10/27/99

Condition	Paragraph	Description of Document	Approval Date
1	6a	AIT Michigan Wholesale Tariff Grandfathered	11/26/99
1	6a	AIT Michigan Intrastate Access Grandfathered	10/27/99
1	6a	AIT Michigan Retail Tariff Grandfathered	10/27/99
1	6a	AIT Illinois Wholesale Tariff Grandfathered	11/27/99
1	6a	AIT Illinois Intrastate Access Grandfathered	11/27/99
1	6a	AIT Illinois Retail Tariff Grandfathered	10/28/99
1	6a	AIT Ohio – no wholesale tariff to withdraw	N/A
1	6a	AIT Ohio Intrastate Access Grandfathered	10/27/99
1	6a	AIT Ohio – no retail tariff to withdraw	N/A
1	6a	Letter filed with the FCC Secretary by Charles Foster	10/6/99

### ASI Affiliate Agreements

The following Affiliate Agreements were effective between ASI and the indicated Incumbent SBC LECs during 1999. These agreements were posted on SBC's public Internet site ([www.sbc.com/PublicAffairs/PublicPolicy/Regulatory/AdvSol-Telephone.html](http://www.sbc.com/PublicAffairs/PublicPolicy/Regulatory/AdvSol-Telephone.html)) and were maintained in each Incumbent LEC's Central File as specified by FCC Docket Number 96-150.

### **Nevada Bell**

Condition	Paragraph	Description of Document	Approval Date
1	3	810 – Business Communications Services	09/01/99
1	3	818 – Strategic Planning	09/01/99
1	3	826 – Temporary Projects	09/01/99
1	3	843 – Interim Service Provision	09/01/99
1	3	847 – Regulatory Services	09/01/99
1	3	N01 – Interim Line Sharing	09/01/99
1	3	204 – DSL CPE Ordering, Provisioning and Maintenance	10/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design and Assignment	10/01/99
1	3	207/ OSP Engineering and Design	10/01/99
1	3	209 – Installation and Maintenance for Wide Area Network Services	10/01/99
1	3	Agreement For The Provisioning Of Billing And Collection Services	12/17/99

### **Pacific Bell**

#### **Pricing Methodology, State Applicability, and Frequency of Occurrence**

Condition	Paragraph	Description of Document	Approval Date
1	3	501 – Information Technology	09/01/99
1	3	502 – Human Resources Services	09/01/99
1	3	510 – Business Communications Services	09/01/99
1	3	511 – Billing Services	09/01/99
1	3	513 – Consumer Markets Group	09/01/99
1	3	525 – Real Estate Management Services	09/01/99
1	3	526 – Temporary Projects	09/01/99
1	3	530 – Service Operations Services	09/01/99

Condition	Paragraph	Description of Document	Approval Date
1	3	539 – Procurement Services	09/01/99
1	3	540 – Special Markets	09/01/99
1	3	541 – CRIS/CABS	09/01/99
1	3	542 – Interim Installation and Maint	09/01/99
1	3	543 – Interim Service Provision	09/01/99
1	3	547 – Regulatory Services	09/01/99
1	3	621 – Network Planning and Eng.	10/25/99
1	3	622 – Network Operations Services	10/25/99
1	3	P01 – Interim Line Sharing	09/01/99
1	3	204 – DSL CPE Ordering, Provisioning and Maintenance	10/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design and Assignment	10/01/99
1	3	207/ OSP Engineering and Design	10/01/99
1	3	209 – Installation and Maintenance for Wide Area Network Services	10/01/99
1	3	Agreement For The Provisioning Of Billing And Collection Services	12/17/99

**Southern New England Telecommunications Corporation  
Pricing Methodology & State Applicability**

Condition	Paragraph	Description of Document	Approval Date
1	3	Agreement For The Provisioning Of Billing And Collection Services	09/01/99

**Southern New England Telephone Company  
Pricing Methodology & State Applicability**

Condition	Paragraph	Description of Document	Approval Date
1	3	913 – Consumer/Business Marketing Services	09/01/99
1	3	922 – Network Operations	09/01/99
1	3	952 – Customer Services Support	09/01/99
1	3	954 – Interim Line Sharing	09/01/99
1	3	954 – Interim Service Provisioning	09/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design and Assignment	12/01/00

**Southwestern Bell Telephone Company  
Pricing Methodology & State Applicability**

Condition	Paragraph	Description of Document	Approval Date
1	3	002 – Human Resource Support	09/01/99
1	3	006 – Human Resources Assessment	09/01/99
1	3	017 – Official Communications	09/01/99
1	3	018 – Treasury Services	09/01/99
1	3	020 – Equal Employment Opportunity / Affirmative Action Plan	09/01/99
1	3	021 – Risk Management	09/01/99
1	3	025 – Real Estate Management	09/01/99

Condition	Paragraph	Description of Document	Approval Date
1	3	026 – Temporary Projects	09/01/99
1	3	030 – Installation And Maintenance	09/01/99
1	3	039 – Purchasing And Contracting	09/01/99
1	3	047 – Revenue And Public Affairs	09/01/99
1	3	048 – Executive Customer Contact Services	09/01/99
1	3	051 – Public Relations	09/01/99
1	3	099 – Concession	09/01/99
1	3	105 – Purchasing Card	09/01/99
1	3	110 – Fulfillment Services	09/01/99
1	3	117 – General Ledger Account	09/01/99
1	3	118 – Accounts Payable Support	09/01/99
1	3	121 – Network Support	09/01/99
1	3	128 – Oracle Financial Support	09/01/99
1	3	142 – Affiliate Insert In Telco Bill	11/05/99
1	3	144 – Fixed Asset Processing	09/01/99
1	3	145 – Contract Negotiation With CWA Union	09/01/99
1	3	152 – Customer Services Support	09/01/99
1	3	158 – Network Regulatory Policy And Planning Support	09/01/99
1	3	161 – Corporate Information Security	09/01/99
1	3	162 – Business Communication Services – Sales Operations Mechanization	09/01/99
1	3	163 – Non/Management Staffing	09/01/99
1	3	173 – CRIS/CABS	09/01/99
1	3	174 – Interim Installation And Maintenance	09/01/99
1	3	975 – Business Office Support Services	09/01/99
1	3	977 – Premise Sales Support	09/01/99
1	3	994 – Residence Service Center	09/01/99
1	3	General Agreement For Support Services	09/01/99
1	3	Support Services Order 901 – Technical Personnel	09/01/99
1	3	Support Services Order 902 – Data Processing	09/01/99
1	3	A01 – Interim Line Sharing	09/01/99
1	3	201 – Interim Service Provisioning	09/01/99
1	3	General Services Agreement 99091403	10/01/99
1	3	204 – DSL CPE Ordering, Provisioning And Maintenance	10/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design And Assignment	10/01/99
1	3	207 – Network Monitoring And Surveillance	10/01/99
1	3	209 – Installation And Maintenance For Wide Area Network Services	10/01/99
1	3	132 – Finance Remittance Payment Processing	10/25/99
1	3	143 – Finance Corporate Fraud Management	11/05/99
1	3	155 – Billing Operations Project Management	10/25/99
1	3	156 – Billing Operations Support	10/25/99
1	3	179 – Network Planning And Engineering	10/25/99
1	3	Agreement For The Provisioning Of Billing And Collection Services	12/17/99

### Memoranda of Understanding

Condition	Paragraph	Description of Document	Approval Date
1	3	Agreement for Workshop and Official Support System ("OSS") classes (SWBT and ASI)	12/22/99
1	3	Agreement for Workshop and Official Support System (OSS) classes (PB & NB and ASI)	12/27/99

### AADS Affiliate Agreements

Separate Advanced Services affiliates existed in the Ameritech States prior to October 8, 1999, the Merger Closing Date. These separate affiliates were established as early as 1992, and agreements between these affiliates and the Ameritech incumbent LECs were executed pursuant to State certification requirements throughout the mid-90s. To conform the preexisting agreements between these affiliates and the Ameritech incumbent LECs to the specific provisions of 47 U.S.C. § 272(b), (c), (e), and (g), Master Mutual Services Agreements were entered into by and between these affiliates and each Ameritech incumbent ILEC. These agreements include:

### Affiliate Agreements

Condition	Paragraph	Description of Document	Approval Date
1	3	Master Mutual Services Agreement between the collective AADS companies and Illinois Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Indiana Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Michigan Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Ohio Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Wisconsin Bell	10/8/99

The five Master Mutual Services Agreements, and all Service Orders pursuant to such Agreements, are set forth at: [http://www.ameritech.com/corporate/regulatory/aads\\_page.html](http://www.ameritech.com/corporate/regulatory/aads_page.html). In addition, specific Real Estate Leases, Frame Relay Switching Services Agreements, and Miscellaneous Agreements are also set forth at this location.

## **B. Network Planning and Engineering ("NP&E")**

### **1. Compliance**

The majority of the NP&E organization's deliverables related to implementing Condition 1, including new required systems, associated Methods and Procedures, and training are scheduled to be completed during the First Quarter of 2000. The NP&E organization is responsible for the network planning, engineering, and forecasting of growth in the network, the development of plans to determine where and what equipment is deployed, the asset inventory, and the authorization of payment to vendors.

The specific commitments required and completed by NP&E during 1999 relate to the assignment of personnel to address how the Advanced Services affiliate and the ILEC will function and how they will interact.

In 1999, an Executive Director – Projects Organization was established within Network Planning & Engineering ("NP&E") with thirteen state responsibility to:

- Ensure that the following activities related to the provision of Advanced Services are not provided by SBC LECs to the Advanced Services affiliate after the 180 day transition period:
  - (a) Network planning, engineering, and forecasting of growth in the network,
  - (b) Development of plans to determine where and what equipment is deployed,
  - (c) Management of the asset inventory, and
  - (d) Authorization of payment to vendors, as defined in the Merger Conditions.
- Ensure that the NP&E processes, systems, and procedures required by the Separate Affiliate are in place and operational within the 180 day transition period.
- Ensure that any Operations, Installation and Maintenance ("OI&M") functions provided to or on behalf of the Advanced Services affiliate by SBC's LECs will be available to unaffiliated providers of Advanced Services on a non-discriminatory basis.
- Ensure Network Planning and Engineering will operate in accordance with the structural, transactional, and non-discrimination requirements of the merger agreement.

The Executive Director – Projects within SBC's NP&E organization assigned a Director – Data Process Development and Implementation, with 13-state responsibility, to coordinate all of the NP&E transition activity under paragraph 4a of the Merger Conditions under a steady state environment. These activities include:

- Ensure the operational processes and systems are in place to allow the Separate Affiliate to determine when, where, and how much Advanced Services Equipment needs to be deployed to meet forecasted customer



demands and ensure that equipment is compatible with the interconnection services.

- Ensure the accounting processes and systems are in place to allow the Separate Affiliate to arrange for the purchase of Advanced Services Equipment.
- Ensure methods and procedures are in place to allow the Separate Affiliate to arrange for and negotiate collocation space within SBC LEC premises.
- Ensure the associated processes and inventory systems are in place to allow the Advanced Services affiliate to track the utilization and deployment of the Advanced Services Equipment.
- Ensure Network Planning and Engineering will operate in accordance with the structural, transactional, and non-discrimination requirements of the merger agreement.

During 1999, an NP&E Core Team committee was established consisting of Advanced Services affiliate and SBC Directors with primary responsibility for forecasting, ordering, inventorying, designing and placing of data equipment supporting the data services to be transitioned to the Advanced Services affiliate. This committee has the overall responsibility for identifying and implementing NP&E compliance initiatives. The Core Team committee members are listed in the table below:

<b>Team Member Title</b>	<b>Company</b>
Director – Data Process Development and Implementation	SBC NP&E
Director – Staff Support/Measures	ASI NP&E
Director – Transport and Data Process and Methods Support	SBC NP&E
Regional Vice President – Network Engineering (SWB & SNET Regions)	ASI NP&E
Regional Vice President – Network Engineering (PB & NB Regions)	ASI NP&E
Regional Vice President – Network Engineering (AIT Region)	ASI NP&E

In addition to establishing key groups to monitor the process and transition, extended planning with critical Subject Matter Experts (“SMEs”) was conducted. These managers were successful in identifying the present method of operation (“PMO”) in Network Planning and Engineering in regards to planning, designing, and engineering the data network in each SBC region: Southwestern Bell (“SWBT”), Southern New England Telephone (“SNET”), Pacific Bell (“PB”), Nevada Bell (“NB”), and Ameritech (“AIT”). These PMOs were evaluated for Best Practices by the SMEs and management within the Network Planning and Engineering organization, and a target Final Method of Operation (“FMO”) for Network Planning and Engineering for the Advanced Services affiliate was agreed upon. A comparison between the FMO and PMOs was conducted to identify the systems and process gaps that would have to be brought to closure prior to the end of the transition period.

Also during 1999, an inventory of administrative space and the associated assets (equipment, hardware, and space) assigned to NP&E employees transferring to the Advanced Services affiliate was initiated. The asset inventory for California was completed December 10, 1999 and the space inventory was complete December 17, 1999. The asset inventory for Missouri and Connecticut was completed on December 15, 1999. The space inventory for Missouri and Connecticut and the asset and space inventory for Texas, Oklahoma, Kansas, and Arkansas are scheduled to complete in 2000.

In the Ameritech States, separate affiliates are certified and have been operating for several years. The only service requiring migration from the LEC to the separate affiliate is Frame Relay since Ameritech provides all xDSL Advanced Services through its Advanced Services affiliate –AADS. All Ameritech Frame Relay switches are currently owned exclusively by AADS.

Within 270 days of MCD, all existing Ameritech LEC Frame Relay customers must be converted to AADS. In order to transition Frame Relay service from the LECs to AADS, Ameritech has filed tariffs to grandfather the offering by incumbent Local Exchange Companies and has issued customer notices indicating that no new activations of Frame Relay will be offered after October 27, 1999.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
1	4a	VP-ASI NP&E was appointed	10/16/99	10/16/99
1	4a	Director-Staff Support/Measures was appointed to manage the ASI NP&E staff	11/16/99	11/16/99
1	4a	Regional VP-Network Engineering (SWB & SNET Regions) was appointed	12/01/99	12/01/99
1	4a	Regional VP-Network Engineering (AIT Region) was appointed	12/01/99	12/01/99
1	4a	Regional VP-Network Engineering (PB & NB Regions) was appointed	12/16/99	12/16/99
1	4a	Director-Network Planning was appointed	02/01/00	02/01/00
1	4a	Activity to support Advanced Services data equipment asset transfer proceedings in California	11/12/99	11/12/99
1	4a	Activity to support Advanced Services data equipment asset transfer proceedings in Missouri	11/05/99	11/05/99
1	4a	Activity to support Advanced Services data equipment asset transfer proceedings in Connecticut	11/30/99	11/30/99

## 2. Methods & Procedures

**Methods & Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
1	4a	Business rules for time charging completed and rolled out	10/14/99	10/14/99

A subset of the Core Team, consisting of three NP&E Directors, was established to ensure that the Business Process and System M&Ps required for NP&E to operate in ASI as a separate affiliate were developed and delivered to ensure the required structural, transactional, and non-discrimination requirements of the Merger Conditions were properly implemented. The three Director positions and their respective responsibilities are:

- Director – Data Process Development and Implementation: This Director has the overall responsibility to ensure the required NP&E Business Process and System M&Ps are developed and delivered as required for the Advanced Services affiliate. The primary system and process requirements to meet this Condition were identified and are due dated in 2000:
- Director - Staff Support/Measures: This Director has the overall staff support responsibility for NP&E in the Advanced Services affiliate and is responsible for NP&E Business Process and System M&P requirements for the Advanced Services affiliate. This Director has chaired weekly meetings with personnel either in or being transferred to the Advanced Services affiliate to confirm status and/or resolve the systems and process gaps internal to or affecting the Advanced Services affiliate.
- Director – Transport and Data Process and Methods Support: This Director has the overall responsibility for the actual development and delivery of the NP&E Business Process and System M&Ps for the Advanced Services affiliate.

## 3. Training

The NP&E conditions and milestones for compliance were first presented to the NP&E Directors in the Outside Plant OSP/Central Office Engineering ("COE") team committee on October 7, 1999. The purpose of this meeting was to discuss preliminary views of the steady state requirements of the Merger Conditions and to begin to address the potential roles and responsibilities of Outside Plant engineers ("OSPE") versus the Central Office Engineering ("COE") engineers under the new environment. Each Director was responsible for initially training those employees within their organizations, whose work activities were associated with or impacted by data services migrating to the Advanced Services

affiliate, on the engineering requirements under paragraph 4a of the Merger Conditions.

Additionally, extended planning with critical Subject Matter Experts ("SMEs") resulted in:

- Evaluating each SBC Region's Engineering PMOs,
- Designing the FMO for the Advanced Services affiliate,
- Identifying systems gaps,
- Identifying process gaps, and
- Identifying the human resources required.

An Area Manager, reporting to the Director – Data Process Development and Implementation in NP&E, was assigned to log and track all initial employee training and subsequent training as M&Ps are developed or revised and rolled out as appropriate in NP&E for the Advanced Services affiliate and the incumbent LECs.

#### 4. Internal Controls

An Area Manager responsible for departmental auditing functions in NP&E was assigned under the Director – Data Process Development and Implementation in NP&E to provide assurance of NP&E's compliance with the merger requirements under Condition 1. This individual is responsible for designing those audits and controls. This responsibility includes validating the appropriate knowledge of and adherence to the Merger Condition requirements and required NP&E work processes.

The Area Manager responsible for departmental auditing functions in NP&E assigned under the Director–Data Process Development and Implementation in NP&E will monitor NP&E's compliance with the merger requirements under Condition 1 and is responsible for the monitoring controls or audits. Any instances of non-compliance identified in these audits and/or any complaints of non-compliance that are received will be logged and reported to the Merger Compliance Group. These issues will be investigated and documented by the Director – Data Process Development and Implementation in NP&E and the findings will be discussed with the Executive Director – Projects and Core Team Directors who will determine the appropriate corrective action to be taken to prevent any future occurrences.

#### 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Due Date
1	4a	Telco Business Rules for Cost Tracking in Support of the NP&E Broadband Infrastructure Project Including ASI Affiliate Billing	10/14/99

## **C. Network Services**

### **1. Compliance**

Following the SBC/Ameritech merger, a functional Network Services Staff organization was created within SBC, headed by the Senior Vice President – Network Services Staff. Reporting to the Senior Vice President – Network Services Staff, is a Vice President – Network (Data) organization with responsibilities that include management of the overall process to meet the SBC LEC Network Services requirements of Condition 1. The General Manager – Data Services also has responsibility for Network Services' compliance activities under Condition 1.

The activities of Network Services during 1999 to support Condition 1 compliance include efforts to ensure satisfaction of the structural, transactional and non-discrimination requirements that are contained in Paragraph 3 regarding 47 U.S.C. 272 (b), (c), (e) and (g). Network Services compliance activities also support the provisioning of Advanced Services during the 180-day transitional period and the interaction of the ILECS with the Advanced Services affiliate.

Network Services operational plans have been designed to ensure compliance with the Merger Conditions. Network Services works both with the existing LEC organizations providing Advanced Services today and the new Advanced Services affiliate to ensure a smooth migration of customers and services with no adverse impact on service. Network services ensures that the wireline network operations organizations (SWBT, PB/NB, Ameritech and SNET) are prepared to interact with the Advanced Services affiliate according to the transition schedule contained in Condition 1. The Network Services organization ensures that Operations, Installation and Maintenance ("OI&M") functions provided to or on behalf of ASI by SBC LECs after the transition period will be available to unaffiliated providers on a non-discriminatory basis.

In 1999, Network Services developed high level timelines regarding Condition 1 requirements. Network Services worked to identify the impacted processes, operations support systems ("OSSs"), work groups and infrastructure items that are required or that require change to implement these Conditions. This effort included formation of project teams across multiple organizations.

Network Services teams prepared project plans with work efforts defined in order to fit into the timelines stipulated in the Merger Conditions. A critical element in these project plans included the identification of all resources needed for implementation, both in terms of equipment and personnel.

### **2. Methods and Procedures**

The identification of affected methods and procedures was an integral part of the work effort of the Network Services Organization in 1999. Network Services

teams had to not only identify which existing processes were affected and would require changes, but also determine and define new processes that would be required to meet the merger commitments.

The identification of Methods and Procedures ("M&Ps") that are utilized throughout the Network Services Organization in providing Advanced Services had to be identified and the teams worked toward changing those requiring changes and implementing new M&Ps as required.

**Methods & Procedures Table**

Condition	Paragraph	Milestone	Date Completed
1	4	Develop Methods and Procedures for 'ASI Service Order Examples for SWBT CABS Frame'	12/99
1	4	Develop Methods and Procedures for 'ASI Conversion Order Examples for Frame Relay Service (PB)'	12/99

### 3. Training

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
1		SWBT Network Operations Staff Managers	ASI/Network Services Overview – Merger Conditions Requirements	Management Meeting	11/3/99
1		SNET Labor Relations, Sales, Service Representative Managers	ASI/Network Services Overview – Merger Conditions Requirements	Management Meeting	11/10/99
1		SNET Network Operations, Sales, Service Representatives Managers	ASI/Network Services Overview – Merger Conditions Requirements	Management Meeting	11/11/99

### 4. Internal Controls

The status of key work efforts that support compliance items are discussed in various working committees and cross-departmental forums. Information from these efforts is gathered and summarized by the Vice President – Network (Data) and discussed on a weekly basis with the Senior Vice President – Network Services Staff, Mr. Van Taylor.

The Senior Vice President – Network Services Staff participates in a weekly call with the organization of the SBC Corporate Compliance Officer, Mr. Charles

Foster, to provide status on all Network Services compliance items. Specific status criteria (i.e. percentage complete, probability of completion within required timeframes) are used to track items in progress.

The Vice President – Network (Data) monitors completed items that require ongoing compliance monitoring. Any instances of non-compliance for items in progress in a monitoring mode will be reported directly to the Senior Vice President – Network Services Staff.

#### 5. Documentation

Documentation will be compiled on Network Services Methods and Procedures, Training Materials, Handbook References and website postings regarding specific implementation of the Merger Conditions in 2000.

### **D. Strategic Marketing**

#### 1. Compliance

The EVP Marketing and Strategic Planning organization is responsible for product management for SBC including product promotion and pricing.

During 1999, the marketing organization analyzed the Merger Conditions for its impact on their operations. Marketing and the sales channels activities in 1999 regarding merger compliance involved ensuring that migrating existing Advanced Services customers to the Advanced Services Subsidiary and new customer activations were planned and executed according to the specific requirements in the Merger Conditions.

To assist with Condition compliance key individuals have been appointed as follows:

<b>Condition</b>	<b>Responsibility Delegated To</b>	<b>Role / Responsibility</b>
1	Executive Director – Marketing Support	Overall Team Leader responsible for ensuring compliance in the business unit
1	Associate Director – Market View	Sub-Team member coordinating required activities for SBC Operations, Inc.

Marketing reviewed the Condition and assigned responsibility for its requirements to a team leader and in some instances sub-team leaders. Each individual has been assigned the responsibility of managing / informing an area of the business involved.

Marketing conducted an evaluation of existing Methods & Procedures ("M&P") and Standard Operating Procedures ("SOP"). Implementation procedures to ensure compliance with the Merger Conditions have been initiated.

Marketing continues to identify organizations participating in the planning, design and development of product offerings for Advanced Services. Marketing activities will ensure isolation of those employees, when appropriate, to ensure structural separation of those involved in implementation and delivery of Advanced Services offerings from LEC service offerings.

To maintain compliance Marketing will continue to inform employees through written communications and training.

## **2. Methods and Procedures**

Significant work was also commenced in late 1999 on the development of methods and procedures to ensure compliance with the joint marketing provisions of Condition I. These M&Ps will address the general joint marketing provision within Condition I (Paragraph 3a) as well as the more granular provisions specifying permitted LEC activity regarding the sales process for new installations (Paragraph 4b), the creation and maintenance of customers' records (Paragraph 4e), and the servicing of customers' accounts (Paragraph 4l).

## **3. Training**

Assessments were performed to identify the notification procedures to meet the 2000 commitment.

## **4. Internal Controls**

Marketing adheres to the Commission and state rules concerning structural separation, non-discrimination, cost accounting, and transactional requirements involving affiliates.

## **5. Documentation**

Documentation will be compiled on Marketing's M&Ps, training materials and any website postings regarding specific implementation of Merger Conditions in 2000.

## **Section 4: Corrective Action**

As reported above in Section 3(A)4, there was an internal question as to the operative date when SNET was required to file tariff changes to terminate SNET's offering of jurisdictionally interstate Advanced Services. As soon as SBC's compliance attorney brought this matter to Mr. Charles Foster's attention, Mr. Foster apprised the Commission of this issue. A tariff to withdraw the offering of Advanced Services was filed two days later with the Commission. A letter reporting this matter to the Chiefs of the Enforcement Bureau and the Common Carrier Bureau was filed on February 7, 2000.



In addition, as summarized in the Introduction (Section 5.3), the Corporate Compliance Officer of his delegates received two external reports of non-compliance related to Condition 1 in 1999.

- A state regulatory Commission in the Ameritech states requested further information and concurrence by SBC/Ameritech to the state's interpretation of SBC/Ameritech's required compliance activities within six months of MCD. SBC responded with clarifications to several items. Discussions with the regulatory Commission were ongoing at the end of 1999 as to the need for additional certifications for AADS. SBC believes that it is in compliance.
- A Competitive Local Exchange Carrier ("CLEC") complained to the Commission regarding issues raised in a docketed proceeding in California (A.99-10-009) concerning the Advanced Services affiliate's interconnection agreements. The CLEC maintained that the provision in the interconnection agreements allowing the affiliate exclusive use of shared lines in providing DSL was no longer permissible under the Commission's November 18, 1999 line sharing order. SBC has responded in the California proceeding and separately to the CLEC that it believes it was in compliance with the Merger Conditions.

**Condition Number: 2****Condition Name: Discounted Surrogate Line Sharing Charges****Section 1: Summary**

All 1999 commitments related to implementation of surrogate line sharing were met. Beginning with the Year 2000, SBC/Ameritech's incumbent Local Exchange Carriers ("LECs") are required to waive the non-recurring charges for new installations of line sharing once line sharing becomes available in each geographic region.

During 1999, Condition 2 requires SBC/Ameritech to provide Discounted Surrogate Line Sharing Charges to unaffiliated Advanced Service providers under specific Conditions outlined below. As the following paragraphs demonstrate, SBC/Ameritech has met and complied with each 1999 milestone of this Condition.

SBC's incumbent LECs offered the Surrogate Line Sharing discount for UNE local loops in accordance with paragraphs 8 and 14 of the SBC/Ameritech Merger Conditions on October 22, 1999. This discount shall remain in place until SBC's incumbent LECs begin providing line sharing to unaffiliated providers in the same geographic area. The discount is for ADSL local loops only and is applied as follows:

- discount 50% of the lowest monthly recurring charge per zone per state.
- discount 50% of the lowest non-recurring line or service connection charge per state.
- bill 100% of the lowest nonrecurring service order charges (i.e., there is no discount for service order charges).

This discount applies only where the SBC/Ameritech incumbent LEC either provides Interim Line Sharing for new activations of ADSL service to a separate Advanced Services affiliate or utilizes Interim Line Sharing to provide new activations of ADSL service provided by the incumbent LEC in the same serving wire center as the unaffiliated provider's Advanced Service. A list of the wire centers that qualify for this discount can be found at: <https://clec.sbc.com>.

**Section 2: Person Responsible**

Name	Title
John Stankey	President - Industry Markets

**Section 3: Implementation of Condition****1. Compliance**

Prior to the Merger Close Date ("MCD"), SBC/Ameritech coordinated the necessary methods, systems, and billing work required to properly comply with the Merger Conditions found in paragraphs 14a through 14d throughout its

operating region. After the effective date of these Merger Conditions, each region did the necessary systems and billing work to ensure the Merger Conditions were met. Following the systems and billing work efforts, internal testing was done to ensure the changes were put in place appropriately. By November 30, 1999, all SBC/Ameritech operating regions where this Condition was effective had done the necessary testing and systems work to comply with this Condition.

On October 27, 1999, all Competitive Local Exchange Carriers ("CLECs") were notified through Accessible Letters (CLEC 99-157, CLECN 99-097, CLECCT 99-035, and CLECC 99-334) as to the specifics on how to obtain the Surrogate Line Sharing discount. The Accessible Letters stated that to obtain discounted surrogate line sharing charges, a telecommunications carrier must provide written notification to SBC/Ameritech identifying the unbundled loops that it is using or will use to provide a qualifying Advanced Service. For unbundled loops ordered on or after October 25, 1999, such notification was required on the Local Service Request ("LSR") at the time the order was placed as described in the ordering instructions located in the CLEC Handbook (<https://clec.sbc.com>). For unbundled loops in service prior to October 25, 1999, the discounted surrogate line sharing charges would also apply on an ongoing basis. SBC/Ameritech requested that for qualified loops in service prior to the effective date of this Condition, CLECs should notify SBC/Ameritech by November 22, 1999 and the discount would then be applied retroactively to October 25, 1999.

Several CLECs signed the Commission's Merger Conditions Appendix amendment to include this discount as part of their interconnection agreements, but as of December 31, 1999, no CLEC had requested this discount on any of its orders.

SBC/Ameritech Product Teams completed the necessary methods and billing work in each SBC/Ameritech operating region where this discount applied in order to be able to offer CLECs the discounts as covered in the interconnection contract amendment called "Appendix FCC Merger Conditions." This document was sent out via an Accessible Letter to all CLECs October 14, 1999, as required by the Merger Conditions, within 10 days after the Merger Close Date.

As of December 31, 1999, 56 interconnection agreement amendments were either prepared or filed for Discounted Surrogate Line Sharing Charges.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Status
2	14	Identify/Clarify Issue	8-2-99	Completed 8-2-99
2	14	Establish 8-state product team for meeting	8-12-99	Completed 8-12-99

Condition	Paragraph	Milestone	Due Date	Status
2	14	Provide product team 8-state list of lowest available unbundled loop rates.	8-20-99	Completed 9-24-99
2	14	Draft and finalize Marketing Service Descriptions	8-27-99	Completed 8-27-99
2	14	Establish Surrogate Line Sharing charges for CLECs requesting discount per FCC Merger Conditions	9/24/99	Completed 10-22-99
2	14	LSR updates required for providing discounts (SWBT)	10-23-99	Completed 10-23-99
2	14	LSR updates required for providing discounts (Pacific)	10-23-99	Completed 10-23-99
2	14	LSR updates required for providing discounts (SNET)	10-23-99	Completed 10-23-99
2	14	Complete M&Ps (SWBT)	10-18-99	Completed 10-18-99
2	14	Complete M&Ps (Pacific)	10-18-99	Completed 10-18-99
2	14	Complete M&Ps (SNET)	10-18-99	Completed 10-18-99
2	14	Update CLEC Handbook	10-21-99	Completed 10-21-99
2	14	Send notification of discounts to CLECs via Accessible Letter.	10-27-99	Completed 10-27-99
2	14	Amend 8-state Interconnection Agreements	11-7-99	Completed, dates vary
2	14	CABS billing update (SWBT)	11-2-99	Completed 11-2-99
2	14	CABS billing update (SNET)	11-30-99	Completed 11-30-99
2	14	CABS billing update (PB)	11-7-99	Completed 11-7-99

## 2. Methods and Procedures ("M&P")

M&Ps were developed for successful implementation of the discounted surrogate line sharing charges. All CLEC M&Ps have been placed into the CLEC Handbook that can be found at the following URL address: <https://clec.sbc.com>. Internal company specific M&P's were also created.

For Pacific and Nevada Bell, a Training Manager conducted formal training in November, 1999. The Local Service Center M&Ps can be found in the document entitled "Loop Promotional Discounts." For Southwestern Bell Telephone Company ("SWBT"), similar training was conducted and the methods and procedures are contained in the document entitled "What's New #204." In Southern New England Telephone ("SNET"), the surrogate line sharing M&Ps are found in its "DSL Methods" document, a paper document. These documents are all provided to the SBC/Ameritech Local Service Centers ("LSCs") or

equivalent management team and are covered and available to the Service Representatives at each of the LSCs.

Other documents such as the October 14 and 27, 1999 Accessible Letters were also sent out to the CLECs regarding this Merger Condition. The Accessible Letters notified the CLECs of this discount availability and the locations for obtaining more information.

### 3. Training

The LSC's required methods and procedures to be developed so that the service representatives could properly provide the discount to a CLEC's order. The specific M&P documentation used at the LSCs are referenced below under the table titled "Documentation."

Training for employees is an on-going project. As compliance issues arise, new products are introduced, and existing products are enhanced, training for contact employees is essential. Training takes a variety of modes, depending on the breadth of the change. Training requirements will be identified, developed and implemented on a continuing basis to insure compliance with this Condition.

The CLEC account managers, and the LSCs are conducting training to properly address the requirements of this Condition. On October 27, 1999, all SBC (8-state) account teams were notified of Accessible Letters that went out to the CLECs. The Accessible Letters communicated the availability of several merger related promotional offerings and what CLECs were required to do in order to receive those discounts. The account managers were given points of contact to refer any questions from their customers.

For account managers, bi-weekly Wholesale Division conference calls are held to discuss new procedures and initiatives. Account managers also receive Accessible Letters and have access to the CLEC SBC Website and handbook tools. Seminars are regularly scheduled to introduce or update account manager about products. In addition, ad hoc workshops are planned in the future for Wholesale employees as the Conditions dictate.

Additionally, the Wholesale Division marketing organization holds weekly product team conference calls to continually work towards successfully implementing the discounted surrogate line sharing charges. Included on the product team were representatives from Pacific Bell, Nevada Bell, Southwestern Bell, and Southern New England Telephone. The product team also included Local Service Center, Local Operations Center, Methods Writers, Billing, Finance, and Wholesale Marketing representation. Each meeting included a discussion of the status of deliverables, including internal training. At the conclusion of the product team meetings, 100% of the product team members were trained sufficiently to handle their related issues and/or provide any additional internal training within their

respective organizations. The dates of the weekly product team meetings are set forth in the following training table.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
2	14	Product Team	Issues to resolve for corporate compliance	Weekly status meetings	8/19/99, 8/26/99, 9/2/99, 9/9/99, 9/16/99, 9/23/99, 9/30/99, 10/7/99, 10/14/99, 10/21/99, 10/28/99, 11/4/99, and 11/11/99

Note: 100% of the Product Team members were trained over the course of these meetings.

#### 4. Internal Controls

Internal controls have and will continue be identified, developed, and implemented to insure compliance with this Condition. Product Managers assigned to each Condition requirement are responsible for insuring the appropriate controls are in place and effective.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

**Documentation**

Condition	Paragraph	Description of Document	Date Available
2	14 a-e	Accessible Letter-CLEC 99-025	10-15-99
2	14 a-e	Appendix FCC Merger Conditions (SBC's proposed amendment to CLEC Generic Interconnection Agreement)	10-14-99
2	14 a-e	Accessible Letter - CLEC 99-157	10-27-99
2	14 a-e	Accessible Letter - CLECN 99-097	10-27-99
2	14 a-e	Accessible Letter - CLECCT 99-035	10-27-99
2	14 a-e	Accessible Letter - CLECC 99-344	10-27-99
2	14 a-e	What's New #204	10-8-99
2	14 a-e	Loop Promotional Discount	10-27-99

#### **Section 4: Corrective Action**

No corrective actions were required in 1999.

**Condition Number: 3****Condition Name: Advanced Services OSS****Section 1: Summary**

The Advanced Services Operational Support Systems ("OSS") Merger Condition provides for options for pre-ordering and ordering components used to provide digital subscriber line and other Advanced Services. This Condition also requires SBC/Ameritech to provide unaffiliated carriers with access to the OSS enhancements on a specified schedule and makes provisions for voluntary payments if dates are missed.

SBC/Ameritech has completed all 1999 commitments for Condition 3 in 1999.

**Section 2: Person Responsible**

Name	Title
Ed Glotzbach	Executive Vice-President & CIO

**Section 3: Implementation of Condition****1. Compliance**Paragraphs 15-18

Merger compliance plan tracking for these paragraphs is managed by Ed Glotzbach, Executive Vice-President and CIO – SBC Services (Team Leader for SBC Services), on an ongoing basis and is also monitored by the SBC/Ameritech Corporate Compliance Officer, Mr. Charles Foster and the SBC/Ameritech Merger Compliance Group led by Ms. Mary Tudela, Senior Vice-President – SBC Compliance. All Condition 3 requirements have been assigned to project managers reporting to the SBC Services Team Leader, Ed Glotzbach. Mr. Glotzbach reports weekly to Mr. Charles Foster on the progress his team has made towards meeting compliance.

Paragraph 15b

The requirements of Paragraph 15b have been met. Direct access to SORD or an equivalent Service Order Processing System for pre-ordering and ordering xDSL and Advanced Service had already been available pre-merger at Southwestern Bell Telephone Company ("SWBT") (Accessible Letter CLEC99-147 dated October 18, 1999) and Pacific Bell ("PB") (Accessible Letter CLECC99-331 dated October 18, 1999). Nevada Bell ("NB") offered it via an Accessible Letter (CLECN99-087 dated October 18, 1999). Ameritech ("AIT") offered it via Ameritech's and CLEC website (TCNet.ameritech.com) on October 15, 1999. Southern New England Telephone ("SNET") offered it via an Accessible Letter CLECCT99-028 dated October 18, 1999.



Paragraph 15c(1)

The requirement to complete Phase 1 Public Plan of Record ("POR") sixty days after Merger Close Date for xDSL and Advanced Services Datagate and EDI Interfaces has been met.

The POR was developed with input gathered from two CLEC forums held in Chicago, Illinois on November 3, 1999 and Dallas, Texas on November 10, 1999. The POR (SBC Tracking No. 76-81) was published on December 7, 1999 on the SBC website (clec.sbc.com) and Ameritech's website (TCNet.ameritech.com) by the following team:

<b>Title</b>	<b>Company</b>	<b>Responsibility</b>	<b>Team Assigned</b>
Project Management	AIT	Customer Care & Billing/Regulatory	Billing
IS Planning	AIT	Customer Care & Billing	Billing
Business Architect	PB	Billing	Billing
Area Manager	SWB	Wholesale Billing	Billing
Technical Director	SWB	Billing	Billing
Director	SBC	OSS Planning/Regulatory Support	Core Team
Director	SBC	Director IT	Core Team
Sr. Business Manager	SBC	IT	Core Team
Director	AIT	Regulatory	Core Team
Strategic Director	AIT	Information Industries	Core Team
Director	SBC	Gateway Services (8 state)	Core Team
Director	AIT	Customer Care & Billing	Core Team
Counsel	AIT	Legal	Core Team
Manager	SNET	Complex	Maint/Repair
Manager	SNET	POTS	Maint/Repair
Area Manager	SBC	EB/TA	Maint/Repair
Manager	SNET	IT	Maint/Repair
Technical Director	SBC	EDI & EB	PreOrder/Ordering & Billing
Area Manager	SWB	LASR Project Manager	PreOrder/Ordering team
Area Manager	SBC/PB	M&P Business Process	PreOrder/Ordering team
Director	SBC	Special Markets - OSS Design & Development	PreOrder/Ordering team
Technical Director	SWB	IT LEX & LASR	PreOrder/Ordering team
Business Consulting	AIT	OBF & EDI Standards	PreOrder/Ordering team
Architecture	AIT	OSS Planning	PreOrder/Ordering team
Business Consulting	AIT	Ordering and PreOrdering	PreOrder/Ordering team
Area Manager	PB	M&P Business Process	xDSL
Area Manager	PB	Network Operations Staff (Perf. Measures)	xDSL